

INDIAN SUGAR UPDATE REPORT



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1 – 2020/21 SEASON

The 493 operational sugar mills produced 17.8 million tonnes (Mt) by January 31st: up 26% from last season when sugar output stood at 14.2 Mt.

Meanwhile, ethanol production is expected to go up in Uttar Pradesh as well as Maharashtra and Karnataka where sugarcane area significantly increased¹. With domestic sugar mills currently projected to supply [REDACTED] likely to be diverted from the market.

Overall and at this stage, Indian sugar output is anticipated to reach 30.5 Mt (Table 1).

Table 1 - Indian sugar production

State	2020/21*	2019/20	Y-o-Y variations	Y-o-Y variations	2020/2021 Forecast'
	[Mt sugar]	[Mt sugar]	[Mt sugar]	[%]	[Mt sugar]
Uttar Pradesh	5.58	5.51	0.07	+1	11
Maharashtra	6.38	3.47	2.91	+84	10.5
Karnataka	3.44	2.8	0.64	+23	4.5
Gujarat	0.56	0.49	0.07	+14	1
Other States			-0.05	-3	3.5
ALL INDIA	17.81	14.17	3.64	+26	30.5

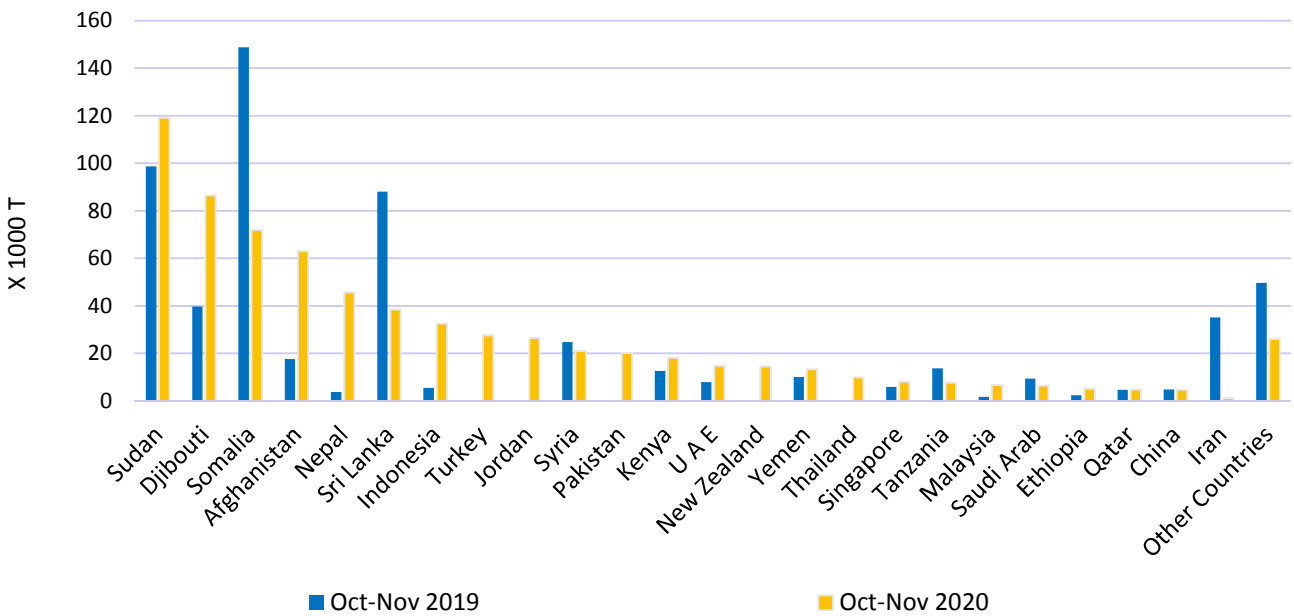
¹ For all details about acreage, please refer to the previous editions of our “Indian Sugar Update” reports.

2 – SUGAR EXPORTS

Since the beginning of the 2020/21 season and up to January 31st, the country signed export deals totalling [REDACTED]

Initially affected by the delayed announcement on export subsidy² by the Central Government (which seriously impacted the country’s sugar export shipments in [Oct 20] and [Nov 20]), the country is now facing a global shortage of shipping containers combined with high freight rates.

Graph 1 – Indian sugar exports [Oct – Nov]



Note: Above data does include export volumes of refined sugar resulting from “tolling” operations under the Advance Authorisation Scheme (AAS)



² The Maximum Admissible Export Quota (MAEQ) target set at 6 Mt for this season and govt. will offer around Rs 5.8 per kg incentive to sugar mills to export the allotted quantity.

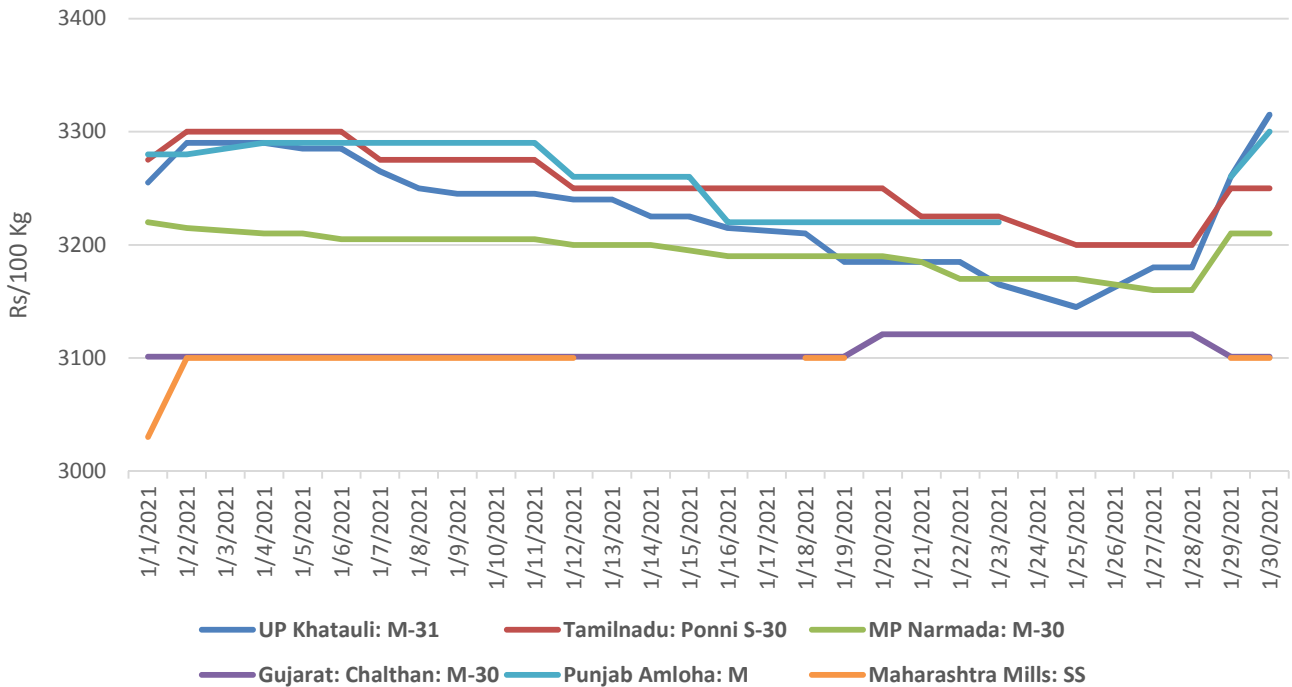
3 – DOMESTIC PRICES

Local sugar prices drastically dropped in [Jan 21] as weak demand combined with ample supplies and stocks weighted down the domestic market.

From a regional point of view (Graph 2), ex-mill sugar prices in Uttar Pradesh (M-grade) averaged [REDACTED]

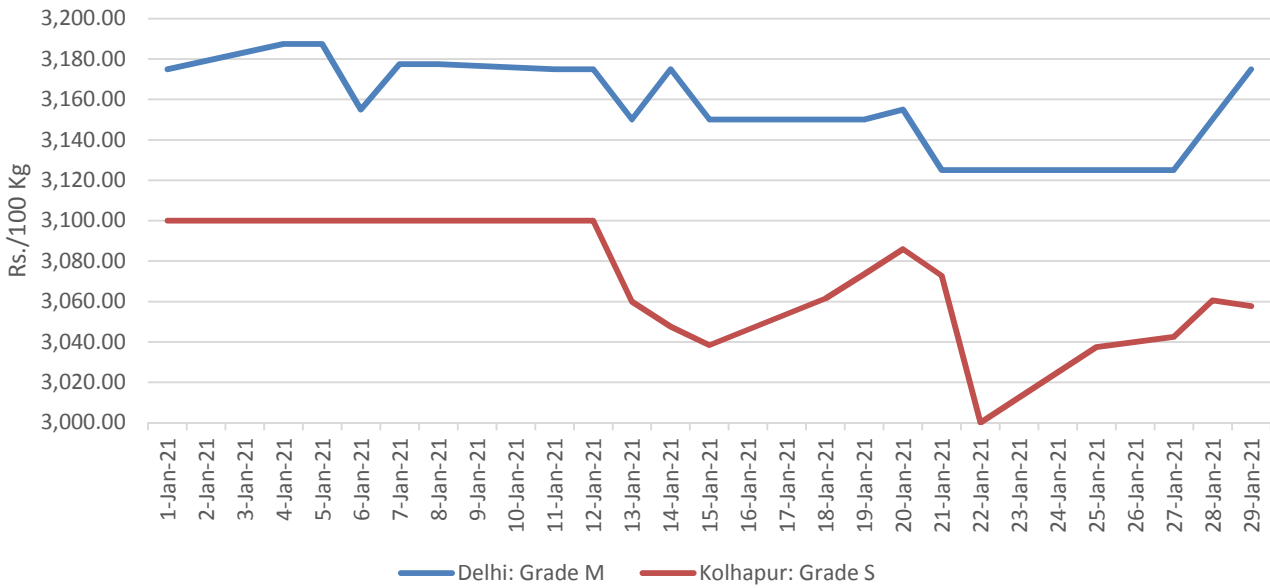
In Maharashtra, prices declined below the MSP level, and SS-grade sugar was reportedly traded: [REDACTED]

Graph 2 - Ex-mill sugar prices [Jan 21]



Looking at the wholesale sugar segment, prices averaged [REDACTED] nationwide : 1.3% down from a month ago. M-grade sugar was traded at an average [REDACTED] in Delhi while S-grade sugar averaged [REDACTED] in Kolhapur (Graph 3).

Graph 3 – Domestic wholesale sugar prices [Jan 21]



Looking ahead, the decision from the Food Ministry to reduce the [Feb 21] sugar sales quota to [redacted] Mt could provide support to domestic prices in coming weeks (Graph 4).

Graph 4 - Monthly sales quota allocations in 2020/21

GRAPH HAS BEEN REMOVED

Official warning notices sent to sugar mills [redacted]
[redacted]

From a demand point of view, ice-cream and cold-drink makers are expected to return to the market [redacted]
[redacted]

5 - WEATHER CONDITIONS

According to data released by the Indian Meteorological Department (IMD), India's cumulative rainfalls during this winter season and up to 27th January 2021 is 38% above LPA - Long Period Average.

Table 2 - Seasonal Rainfall Scenario (01st January to 27th January, 2021)

Regions	Actual [mm]	Normal [mm]	Variations [%]
ALL INDIA	19.9	14.4	38%
Northwest India	28.4	27.7	3%
Central India	3.3	6.3	-48%
South Peninsula	45.6	7.6	500%
East & northeast India	7.1	14.4	-51%

Overall, we continue to anticipate a normal monsoon season in 2021.

6 - IN BRIEF: GOVERNMENT AND INDUSTRY'S RECENT DECISIONS



³ The government of India fixed the minimum selling price (MSP) of sugar at Rs 31 per Kg (Excluding GST) in [Feb 19].



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